Coopetition Relations: Cases and applications

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Conditions and Characteristics for companies to successfully *coopete*

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Dissertation submitted in partial fulfilment of requirements for the degree of MSc in Business Administration, at the Universidade Católica Portuguesa, September 2014

Abstract

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Due to the difficult and extremely competitive environment our economy is facing, solutions for companies to be able to bread are each time more scarce, and a lot of them seems to be unable to succeed on their own. Strategic alliances are becoming more attractive and representing the best cost-benefit strategy. Nevertheless, the right partner is not easy to find and the best solution seems to be the craziest one, which is to partner with your own competitor.

This study provides and extent analysis to the essence of the collaboration relations and more specifically to the coopetition. Due to the complexity of the topic the format of case study was chosen, in order to understand the applicability and the behavior of partners in this type of relations. The case study is divided in three parts each one with a different perspective of the alliance with the competitors. From the case study, some adding to the literature review is made and some frameworks are proposed.

The objective of the study is to analyse if it is possible to collaborate and compete simultaneously, with your own competitors and if yes, under which conditions is that sustainable and beneficial.

It is concluded that a set of characteristics and triggers are required for the relation to succeed and believed that if those conditions are there and the factors on the pyramid triggers of collaboration, any group of companies in any market in Portugal can increase their chances of success as a coopetitive alliance.

Abstrato

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Devido às dificuldades e competitividade da nossa economia, as soluções, para as empresas poderem respirar são cada vez mais escassas e muitas delas revelam-se incapazes de terem sucesso sozinhas. As alianças estratégicas estão a ser cada vez mais atractivas como solução, visto representarem a melhor estratégia em termos de custo-benefício. No entanto, o parceiro certo não é fácil de encontrar e neste caso a melhor solução parece ser a mais louca de todas, que consiste em formar aliança com os próprios competidores.

Este estudo demonstra uma análise extensa ao tema da colaboração e mais especificamente da *coopetition.* Devido à complexidade do tópico, o formato de casos foi o escolhido, de forma a ser perceptível a aplicabilidade do tópico e o comportamento dos parceiros neste tipo de relação. O caso está dividido em três partes, cada uma com uma diferente perspectiva da aliança e dos competidores. Ao analisar o caso e a literatura relativa ao tópico, foram propostas ferramentas de análise a este tipo de relação.

O objetivo do estudo é analisar se é possível competir e colaborar ao, mesmo tempo, com os competidores diretos e se sim, em que condições pode esta relação ser sustentável e proveitosa.

A conclusão é de que um conjunto de caraterísticas e condições, são necessários para que esta relação funcione. Se essas condições estiverem presentes qualquer grupo de empresas, em qualquer Mercado em Portugal, pode aumentar a sua probabilidade de sucesso numa aliança com a concorrência.

TABLE OF CONTENTS

Introduction

Since the beginning, in the business world, the notions of competition and collaboration were present. From the very first ancient industries of fishing and farming, there were competitors but also collaborators and allies, like in war. So, the existence of strategic alliances is not something recent in our own nature. Both competition and collaboration are essential for the market to work properly and more efficiently. Despite both of them being known for a long time, previous theories state that relations between competitors are focused on, either competition or cooperation, and each one goes against the other. “Competition has been shown to be useful up to a certain point and no further, but cooperation, which is the thing we must strive for today, begins where competition leaves off.” (Roosevelt).

More recent theories have been studying that despite them being opposites, they can both be present in a relationship between two companies and if correctly managed to coexist, they can produce a better output than each one on their own. The companies are managing to form alliances with their own competitors, without changing their competitive relation, by competing at some point of the activity process and collaborating in other point, as it will be shown further in this paper. For this type of relation, it is used the term coopetition, which is each time more frequent. This term was first used by Raymond Noorda, former president and CEO of Novell (Gomes-Casseres, 1999) and it has been object of study by many people.

This study started with the hypothesis that any company can engage in a strategic alliance relation, even being them direct competitors, but they need to have the motivation and willingness to cooperate, and to be ready to share some knowledge, resources and capabilities, with their competitors in order to achieve a common goal. This study’s main goal is to understand if it is possible, first of all, to collaborate with competitors and if yes, how to do it. To approach this scenario where competitors collaborate at some point of the value chain, this study is going to focus on the “coopetition” scenarios, by analyzing the conditions that allow and motivate companies to “coopete” with each other and the characteristics of these same companies which can be decisive for this relationship to work. Furthermore, the behavior of the companies during their coopetition relation, the impact of this relation on them, the advantages and the disadvantages of this type of alliance are going to be covered, in order to understand which conditions need to be present in order for a relation like these to work.

This dissertation will be presented in the format of case study, which will be studied in order to understand what are the motivators, the conditions and the characteristics the players must have for the relations with their competitors to work. Through the analysis of the literature related to this topic and the case studies, it is expected to learn about this type of collaborative strategy, the conditions needed for it to work and for the companies to be motivated to integrate in this type of alliances. With the development of this knowledge, it is hoped to sensitize the players in the core industries of Portugal, so that each industry can make bigger investments and learn a lot more with their own competitors, while still competing. This way they gain the strength and the know-how to compete internationally, boosting not only their profits, but also the Portuguese wealth and the job creation.

In order to evaluate if this initiative is applicable and from the intervenient interest, a research question is answered during the paper:

Are competitors able to compete and collaborate at the same time?

In order to get to a possible answer to this question, some sub questions are going to be answered:

- Is it beneficial to form strategic alliances with direct competitors?

- What are the crucial factors of the market and the players' characteristics, for this scenario to work?

- What drives the companies to enter a coopetition relation? What are their advantages, disadvantages, problems and challenges?

The Cases that are going to help to get the answer to these questions represent a National Success and a Internationalization failure case.

Another case that is going to be analyzed is the example of a refusal to entrance in a success coopetition scenario, due to a strategic choice, in order to see that in some cases there are timings and strategies where the entrance in a scenario like these, is not the best solution.

This paper is divided in five parts, being the first the introductory part. Besides the introductory section, there are five more chapters:

The second part – Methodology and Data collection - explains the methodology taken in the data collection and work compilation. Describes how the interviews for the information to the case studies were conducted and with whom, the way the information was managed and compiled in order to get to the final version of the case studies.

The third part – Literature Review covers the analysis of some authors' approaches to the subjects of strategic alliances, other types of growth strategies and to the coopetition relations. Since some of the topics covered in this chapter will be used to analyze the cases the first topic covered are the strategic alliances, in order to understand what motivates the entrance in an alliance, the way they are managed, as well as their advantages and disadvantages. The second topic are other types of growth strategies for the understanding of what are the options that companies have to growth besides the strategic alliance. And the third one is the topic about coopetition which is the type of relation that is going to be covered mostly in the case studies and for that, it is needed the study of the approaches already made in the past to this topic.

The fourth part presents – Case Studies - Four small case studies related with the subject of coopetition. Through the information gathered from interviews, made to people related to the cases, and information gathered from the web and the cases already written about the companies. The first case covers the history of a Portuguese company, Costa Verde, which was founded, based on a coopetition relation. The second case gives a new point of view to the first case, presenting a refusal to enter in a coopetition alliance. The goal of this case is also to understand that in some cases there are consequences, coming from the decision of entrance, that make the decision of not entering, strategically better than the entrance. The third case presents a failure case of an association of companies, named hi.global, that tried to "coopete" in order to internationalize, but were no able to do it due to some specific conditions, which are going to be analyzed.

The fifth part – Teaching Notes – covers the topics to debate about the themes in the paper as well as the case studies. It aims to help the teacher to conduct an analysis to the cases, by providing questions and analysis guidelines.

The sixth part – Conclusions, Limitations & Further Research - presents the results and conclusions of the cases' analysis, based on the theories studied in the third part. It also covers the limitations and the future research of new topics in the same field.

Methodology and Data Collection

Regarding the methods used to collect and investigate the data exposed in this dissertation, they were mostly theoretical and as already mentioned, in the introduction chapter, it was chosen to first study the analytical thinking of some professionals' literature cases, then, to make a critical analysis to those same papers, related with the topic studied in this work and finally the theories were applied and analyzed through small case studies. Given that coopetition is a topic with some complexity, the case study approach, materializes the theoretical thinking, for the reader to be able to understand some cases where this strategy was implemented and its consequences.

The papers analyzed and then applied to the cases were mostly taken from the sources of the digital library of Católica - Lisbon School of Business and Economics which gives credibility to the base of this study. The remaining papers were taken from Google Scholar or Google News.

The cases were based mostly on the interviews carried out to the intervenient person in the companies or in the associations, which means that the stories are original, as well as the names used in them. The information used is not confidential and can be shared and studied without any constraints. There is some information that could add a lot of value to the case studies but due to its confidential nature, it was not possible to include. The interviews were carried out once to each intervenient and there was no need to repeat any of them due to insufficient data. The interviews lasted an average of two hours and were recorded when possible and allowed. Then the drafts and the recordings were transcribed to paper and then written in a structured way, so it could describe the companies' histories and the coopetition relations.

Literature Review

Strategic Alliances

Economies all over the world are not getting soft on companies, either the large ones or the smaller ones. It takes so much capital to develop new products and to penetrate new markets that only a few companies can go alone in these situations. So, it is probable that the companies will not be able to run from strategic alliances, which means they might as well learn how to borrow. (Hamel, Doz, Prahalad, 1989)

Usually companies do not invest or even think about alliances, due to some competitive issues like sharing and contributing to the growth of another company that can possibly be a competitor and the whole compromise and effort it is needed by both parties, for the alliance to succeed, which is enormous. Nevertheless strategic alliances have a lot of advantages which will strengthen the companies involved against outsiders, even as it weakens one partner compared to the other. (Hamel et al. 1989). However, it is very important to define what kind of relationship to establish with the other companies. There are a lot of cooperation types and companies should evaluate which one to adopt, based on their strategy, structure, resources and capabilities (Kozyra, B, 2012).

First of all, it is important to understand what an alliance is. According to Ross it is a form of relationship contract in which the barriers between the partners are removed and the contribution between them is maximized, leading to their success (2003). Burgers, Hill and Kim stated that an alliance is a contractual partnership made with the objective of combining skills and resources of two or more firms to boost manufacture and the distribution of goods or services (1993), but it is needed to understand that this contract doesn’t compromise the independence of the firms, since they share the control and none of them has the control over the partnership (Watkins, M, 1999). So basically, it is a strategic partnership, between two or more companies, that join efforts to achieve a common goal (Aeker, 1995). But what is really the difference between a strategic alliance and a regular alliance? – According to Hax & Majluf (1988) and Johnson & Scholes (1999), there are some characteristics which confer the difference to a strategic alliance, such, the fact it results from a coherent set of decisions, that is a way to get a sustainable competitive advantage, it has a long term impact in the organizations, it is a mean to fight against the external threats and seize the opportunities, it is based on organizational resources and affects operational decisions, involves all the hierarchic levels of the company, it is affected by the cultural and political context and involves all the activities of the company, directly or indirectly. However, despite these characteristics, when simultaneously, entitle an alliance as a strategic one, there are more to look at, since there are some alliances with strategic objectives, that are not substantial, or operational relations, that with time become strategic due to the relation developed with the partner (Eiriz,V, 2001).

In this contracted partnership the players' work is based in mutual trust, commitment and communication (Kumaraswamy et al.2005; Lee and Cavusgil 2006). The alliances can assume more than one type, for example, there is the strategic alliance and the project alliance. The first one is a long-term relationship with the main goal of pursuing mutual objectives, while the second one presents itself as a short-term relation where companies simply want to share risks of a specific project (Li et al. & Holt et al. 2000). They can also take the form of licensing agreements, technology transfers and exchanges, R&D, manufacturing and marketing arrangements or joint ventures (Guidice, R.M.; Vasudevan, A; Duysters, G. 2003).

Like an individual company, a partnership also has its path and stages. Usually an alliance starts in a competitive relation or a simple absence of partnership, passing then to the cooperation, where they reach the initial agreements, then following to the stage of focusing in the teamwork and in which companies work on getting an alignment between their objectives. Finally they head to the coalescence stage where they already present themselves as a cohesive entity that shares all the risks and benefits (Thompson & Sanders, 1998).

A lot of factors can motivate companies to pursue a cooperation strategy, and since there are a lot of them that can be solved, lowered or seized with the low-cost decision of integrating a strategic alliance, it becomes very appealing to integrate in one. In a period where time is as much valued as money and almost all companies and economies are short on both, a simple and fast solution as to cooperate with other companies that are probably facing similar problems always takes an important presence in the possible strategies list of every companies' CEOs.

Alliances can provide shortcuts to companies, by allowing companies to quicker and more efficiently penetrate new markets, without the need of intensive market studies and benchmarking and with fewer risks, just as a result of cooperation with a company that already integrates that market. An example of this, was Motorola's collaboration with Toshiba, where Motorola took advantage of the important presence of Toshiba's distribution channels in Japan in order to enter this market that it would have been a time and money consuming strategy, if not by cooperating with their international competitor. (Hamel, Doz, Prahalad, 1989)

Many authors studied the advantages of the strategic alliances, such as their capability to complement and enhance firms in the different areas of production, new products and new markets. The reduction of firm's costs and risk, technological and capability transference and innovation (Hagedoorn, 1993; Powell, Koput, & Smith Doerr, 1996), market penetration (Contractor & Lorange, 1988) speed of entry (Kotabe, Sahay, & Aulakh. 1996), knowledge acquisition, efficiency, access to foreign markets (Kogut, 1988) and the access to new resources and capabilities (Rothaermel & Boeker, 2008). Yet all these, are means to achieve a final goal, of the competitive superiority (Guidice, R.M., et al. 2003), without losing their strategic and decision independence (Garrette, B & Dussauge, P.,1996)

Cooperation is growing, but that does not mean competition is disappearing, in fact that would not be desirable, since competition is one of the best drivers of improvement (Bengtsson, M. & Kock, S., 2000). What is in fact happening is that more than competition scenarios, inter-firms competition is taking place. Usually the formation of an alliance is a powerful motivator for the competitors of the players integrating that alliance to form one too. So the formation of an alliance, like a boost for competitive advantage, is also a motivator for the competitors to pursuit a strong alliance in order to balance the inter-alliance relation. (Guidice, R.M. et al. 2003). There are some practical cases like Star Alliance's pressure that led to the formation of some other airlines alliances. So the conclusion is that competition is not between companies anymore, but between alliances of players and it is becoming too difficult to compete without partners.

All these factors show that, despite some advantages and alternatives, the decision to integrate a strategic alliance is a good decision and even if some companies are not planning to form one, the pressures of the economic environment and competitors will eventually lead to it. However, the truth is that the majority of them end up being a failure (Inkpen and Ross, 2001) and the main reason for this to happen is the existence of different goals and objectives, which may lead to opportunistic behavior, that harms the relationship (Alderman & Ivory, 2007). That is why, there are some characteristics a strategic alliance must have in order to be successful, such as the distribution of power and control, mutuality of equity between partners, the contribution (Manson, 1993), complementary needs, shared risk and trust (Lewis, 1992).

The players are, in fact the critical factor for an alliance to be created and subsist, which means that, only if the players are willing to, the alliance can be formed. Yet, there are some factors in the market that can affect the firms agreements and sometimes, even motivate them, like the competitive uncertainty, since the more difficult it is for a firm to predict the impact of a player entrance on their market, the more is that company willing to form an alliance with their current competitors, in order to minimize the effects of this entrance (Kogut,1988). Other factor is the principle of the scarcity, since the fewer partners there are available to form an alliance with, the more likely is for a firm to be willing to form a partnership with one of the players in order to benefit of the first mover advantage when choosing a scarce resource (Gomes-Casseres, 1996). The technological intensity is another market factor that can incentive the firms to cooperate (Grant & Baden-Fuller, 1995), due to the easiness to access the new technologies. The market life cycle, when in the growing and maturity stage, provides a bigger incentive for firms to cooperate, since, in the first case, they want to grow faster and so, they want to access the specialized assets to boost innovation and commercial success and in the second case, in order to create economies of scale (Guidice, R.M. et al. 2003). Other two factors are the competitor proximity and the market concentration since the more similar the competitors are, more motives they have to form alliance and to respond to competitors' alliances formation. In the case of the market, the more concentrated it is, the less incentive they have to search for an ally, since an oligopolist or monopolist can, usually, get the resources it needs, by themselves. In a perfect competition scenario, the firms have no capacity to secure the scarce resources they would get together, which leads to the conclusion that only in a moderated concentration market, the cooperation would be an incentive (Guidice, R-M. et al. 2003).

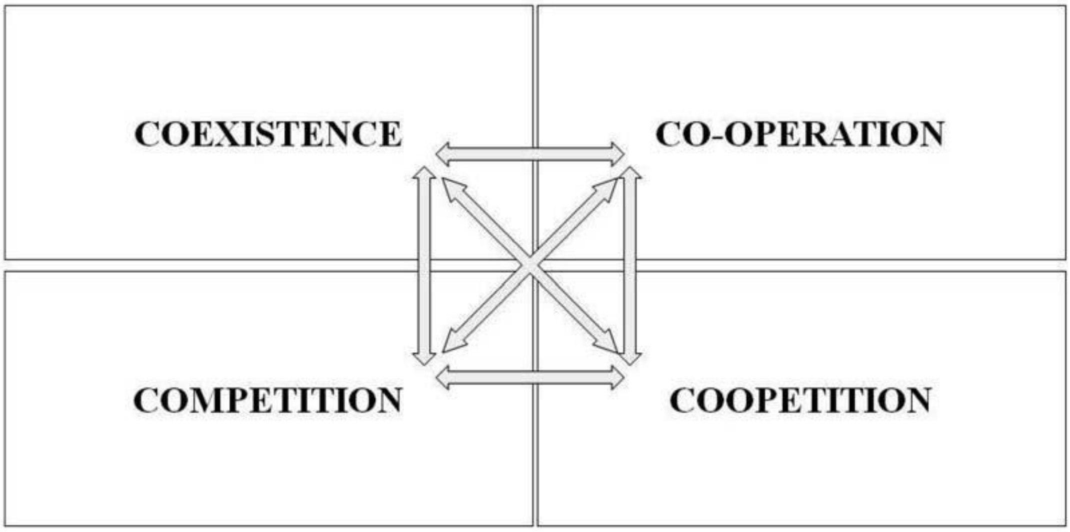
When we talk about Strategic Alliances, we are not talking about just one type of relation, nevertheless, the characteristics and advantages mentioned are almost equal to every of type. Yet, each one of them has its own particularisms which mean that some of them apply better to each particular case while others don't.

There are more than one approach when it comes to the alliances typology. The division between cooperation strategies is in fact one of the main topics in the literature related with the theme (Eiriz, V., 2001). From the division between informal agreements till joint ventures (Aaker, 1995), or traditional and non-traditional, fusions or acquisitions, creation of new entity or non-creation of new entity (Yoshino & Rangan, 1995), a lot of typologies were suggested.

In order to define the most important types of strategic alliance forms, Eiriz's proposal was taken into account. However, his proposal was not followed exactly as proposed, since by taking into account some lecturers and definitions in this study, some types of strategies, like a consortium which is considered a project alliance instead, subcontracting, acquisition which is not considered an alliance at all, since it compromises the independence of the firm, fusion because it becomes just one firm or even licensing, since there is no joint efforts to achieve a common goal, are not considered as strategic alliances, as he proposed. The types of strategic alliances are the exportation groups, distributions agreements, commercial assistance agreements, conjoint production agreements, R&D agreements and joint ventures. Despite all the types of strategic alliances proposed, if this agreements are made between competitors, they enter in the fields of study of coopetition which it will be seen further.

Coopetition

As described in the previous analysis, there is more than one type of relation between players in a market and even just looking to a cooperation relation, there are more than one type of cooperation relations, like joint ventures, strategic alliances, R&D agreements. The figure 1 below, shows, as Bengtsson and Kock (1999) stated, the four types of relation, a company can be involved in. Those types are coexistence, cooperation, competition and coopetition. The arrows represent the dynamism that exists in these relations, between the players. Since they are making strategic alliances with their competitors (BMW-Daimler Chrysler, Ford-PSA, Nestlé-General Mills), the line between competition and cooperation is thin, since eventually the market may force them to unite efforts in order to grow. Other evidence of this dynamism is the short timeline there is between a coexistence scenario and a competition one, since the same market that can push two companies who previously were competitors, to a cooperation relation, can also push companies that before were not in the same market, to the same one, as BWM and Rolls Royce that entered the car market, while before they were just in the aircraft engines market and stop having a coexistence relation with all the other car companies in the same markets they entered.



Source: Czakon, *Dynamika więzi międzyorganizacyjnych przedsiębiorstwa*, AE, Katowice, 2007, p.22.

Fig. 1:. Four types of relation between firms

To sum up the image and develop the theory of Bengtsson and Kock, a small definition is given to each point. – Coexistence represents the absence of interaction between the companies, they simply occupy the same space and time, they don't act in the same market which disables the possibility of them to be competitors, and they do not cooperate with the other company which restricts a coopetition or cooperation relation between them, which ends up being like the relation between a shoemaker and a hairdresser, unless they make a cross selling agreement. The cooperation relation was already described through the work and represents a relationship, as Blomqvist, Hurmelinna and Seppanen stated, in which the goal of the involved companies is the mutual gain and the individual growth, through the sharing of resources, capabilities and knowledge (2005). Competition, on the other hand, represents a relation in which the players are far from sharing, or even caring. It is the relation between companies that act in the same market, and fight for scarce resources, to produce and sell similar products or services (Hunt, S.D. 2007)

Regarding the coopetition relation, which is the main topic of this study, it is usually simplified as the sum of competition and cooperation between competitors, a paradoxical metaphor, which can be described with the sentence, *sleeping with the enemy* (Coy, P. 2006), the act of collaboration with business competitors, in the hope of mutually beneficial results (Oxford Dictionary, 1980). The truth is that, to manage a coopetition relation is not as simple as a strategic alliance. The way companies usually manage strategic alliances are much simpler and they can almost achieve the auto pilot when the goals and sharing limits are stablished. On the other hand, to form a strategic alliance with the competitors, a competitive alliance, it will only last for a limited period of time since it is a fragile road to walk in, where they constantly play the game theory and see there is a very appealing move they could make, which represents to play against their partner. It is manageable in the case of a project alliance, since it is supposed to be for a short-period of time and the players have a clear view that during the project they will have benefits. After it they will get back to the normal competition scenario, while in a long-term relation, it is much more complex to manage, than it is in a strategic alliance. The coopetition relation represents a paradox, where two firms compete in a part of their activities and at the same time they cooperate in the remaining ones. It has been one of the most debated topics in the recent literature (Peng et al. 2013) but there is still a long way to go, when it comes to the study of this topic, since literature provides good inputs and results, but it still remains inconclusive in how it affects the companies' performances (Ritala,P, 2012). Some of the conclusions are not positive, since it is considered a very risky relationship, which often fails (Park & Russo, 1996) and that presents only short and medium-term advantages (Peng et al., 2012).

So, what are the motives for firms to enter in a coopetition relation? – As we can see in the figure 2, the motives can be split in three groups:

Coopetition motive	Main mechanisms
Increasing the size of the market or creating a new one	Ensuring compatibility and interoperability Risk and cost sharing
Efficiency in resource utilization	Integration of supplementary resources Risk and cost sharing
Improvement in the firm's competitive position	Improving competitiveness through coopetitive alliances Co-opting rival networks

Fig.2 - Motives for coopetition and the main mechanisms behind their realization (Ritala,P, 2012).

The success of this type of relations is dependent of the alliance *per se*, of the specific firm's factors, but also by the context and the market where it is operating (Ritala,P, 2012). Plus, to increase the probability of success of the relation, companies should, cooperate in the activities far from the final customer such as R&D, distribution or production and compete in the areas closer to the customer, the output activities and they should have unique resources and capabilities used to enhance the cooperation, but keep some other unique resources or capabilities to maintain competition (Bengtsson et al., 2000), so they basically should share, but not to share everything.

As many studies conclude, in what concerns to coopetition, it is a good strategy to follow, since it generates improvement in performance, at least for a certain time (Peng et al. 2012), it gathers the pros of both competition and cooperation, such as the fact that rivalry boosts the dynamism and innovation within the industry (Bengtsson et al., 2000) and all the benefits described in the strategic alliance chapter, that can be summarized as the access to resources and capabilities.

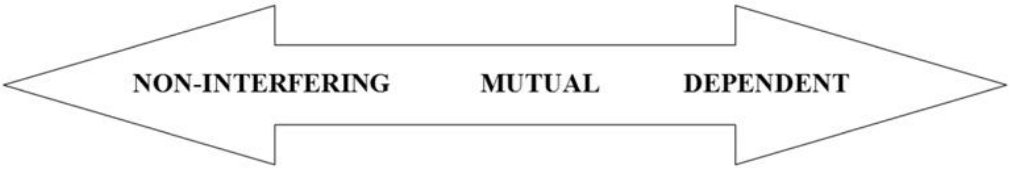
As mentioned, it is an area of study, yet to explore, nevertheless, a lot of coopetition's performance effects are shown with case studies and examples (Oliver, A.L. 2004). Some famous examples of success are, the coopetition between Apple and IBM (Hagedoorn, J; Carayannis, E & Alexander, J; 2001) and Sony and Samsung, in order to develop a much smaller LCD panel (Gnyawali, D.R., He, J. & Madhavan, R. 2008). The case study form is precisely the way this study pretends to show the conditions to a coopetition relation to work and the way a company can grow to the level of the biggest competitors, in an industry with no growth and apparently no space for new players (Costa Verde Case).

Growth strategies through other types of relations

Most of the firms that enter in certain alliance have the main goal of growing, but besides the already described strategic alliance and coopetition relation, there are also the mergers and acquisition.

Some theorists state that mergers and acquisitions are a type of strategic alliance, like Vasco Eiriz (2001), Kayo, Kimura, Patrocínio e Neto (2010).This study, on the opposite, states that mergers and acquisitions are a different relation type outside the strategic alliance group, since they invalidate some definitions of strategic alliance considered in this study, as the fact that an alliance is maintained between two or more companies and in these cases, one of the companies is integrated in the other and they become one, which invalidates the argument that the companies are joining efforts in order to maximize their partnership, since now there is only one company which is obviously trying to maximize their results (e.g. NOS, which is a Portuguese telecommunications and media company, that acquire, Optimus, that is a Portuguese GSM/UMTS mobile operator). Besides that, as Watkins said, in a strategic alliance partnership, no company may lose its independence and any of them should have the control over the partnership (1999), which is not what happens in the cases of acquisitions.

As we can see in the figure 3 above, they are different when it comes to the degree of dependency and integration.



STRATEGIC ALLIANCE	MERGER (FUSION)	ACQUISITION (TAKE-OVER)
None of the partners has total control over the mutual venture	Companies unite in order to create a new company, they share their resources and responsibility and aim at reaching common goals	Transaction guarantees one of the entities' control over another company

Source: B. Kozyra, *Alians strategiczny jako wstęp do fuzji lub przejęcia*, Biblioteka Naukowa Instytutu Lotnictwa, Warszawa 2005, p. 17.

Fig. 3 – Degrees of integration between strategic alliances, mergers and acquisitions

The simple way to divide these strategies is by describing, simply, the two strategies that companies can follow as a growth path. As Penrose stated (1959), either the firms build new plants and create new markets, or they acquire plants that already exist in markets that already exist. These two ways of looking at a growth path option of firms, can be divided in internal growth and external growth, respectively (Kayo et al. 2010). This view represents two opposite visions and that, as the figure 3 shows above, on one side there is an integrated growth strategy, like a strategic alliance, where two companies join efforts, resources and capabilities in order to build something new, together with mutual control and on the other side there is an external growth strategy, like an acquisition where one firm sees a market or a resource as strategic opportunity and simply acquire the company, which may provide them with that resource or market entrance, gaining full control over the firm that was acquired. The differences between a joint venture, which is a form of strategic alliance, and a merger or acquisition is that, according to Sawler (2005), while the second one involve the combination of all the resources, the first one, involves just part of them, following this way the premise off sharing, but not everything.

There is not much knowledge when it comes to the comparative analysis of these two types of structures (alliance and m&a) (Gulati, R. 1995), and even less when it comes to the best choice of alliance or acquisition (Kogut, B. & Singh, H. 1998).However, it is known, that they are alternative governance structures (Wang, L. & Zajac, E.J. 2007) and so the conditions, internal and external, for this strategies to succeed are different. For example, while similarity of resources incentives companies to acquire, complementarity incentive them more, to ally with each other. As Bruce Kogut stated, joint ventures are related to risk sharing strategies, the difficulties a firm can encounter when trying to enter a new market or to create a new one, usually represent huge investments which are often too much for one single company and so, a partner with resources and capabilities to do, is a possible partner to share the cost and the risks (1991). On the other hand, there are companies, for example in the technology industries that prefer a more formal and institutionalized form of strategy, such as mergers and acquisitions, since is the best way to appropriate the innovative resources and capabilities of the other firm (Hagendoorn, J. & Duysters, G. 2002)

Case Studies:

Costa Verde Case

In order to analyze one of the coopetition success cases in Portugal, an interview in Costa Verde was conducted, with the financial director, Dr. Silvano Mesquita de Sousa and the commercial director of the company, Dr. Carlos Teixeira.

The History

The Costa Verde foundation was based in a lot of favorable events which created the full conditions to the entrepreneurial initiative of the creation of this big company. It all started with the acquisition of one of the biggest porcelain manufacturers in the Portuguese porcelain market, Quinta Nova, with about 20% of market share, by the biggest one in the market, Vista Alegre, currently Vista Alegre Atlantis, with around 40% market share, at the time, in 1990, as a diversification strategy, which made VA the controller of more than half of the Portuguese porcelain market share (60%). This acquisition led to the integration of the higher board of members of the acquired company, into the boards of VA, but most of them in lower responsibility positions, not wanted by many of them. One of those directors was Dr. António Neves which quit the company, but never the willingness to create something in the same industry. After some time operating as the total market leader, working vertically with a lot of distributors that knew a lot of this ancient industry, the VA decided to strategically cut the distributors and create their own retailers and later, their own distribution line (Casa Alegre), making a huge investment to get this vertical integration. Due to this strategy of the bigger company, the market was left with distribution competitors with the same problem, which was lack of supply and at the same time a new and big competitor in the market. Being a good visionary and strategist, Dr. António Neves, saw, a common threat to these players and was capable to think of the opportunity behind this threat. The basis of the pyramid were settled, and he only needed to convince these direct competitors to cooperate, which was revealed to be a much easier task, when there is a significant common threat to all these competitors. After convincing them to cooperate it was only lacking the top of the pyramid and a crucial factor for any coopetition based project to work. This factor was a leader entity, with no biased interests who could manage this whole alliance towards the common interest which was the success. In this case, that entity was Dr. António Neves, jointly with some invited business men and all those distributors as partners, that ended up to be the Costa Verde's creation responsibles.

Twenty one years after, the company still runs with the same business model and the distributors as partners as it started and it is the only company to make profit, even during crisis, in the industry, while VA and SPAL, Costa Verde's main competitors, are facing big losses.

Looking at the case of this successful company, it is possible to understand the advantage in having alliances and cooperation with the players in the industry, even if they are the main competitors. Unfortunately, most of strategic alliances fail, it is not easy to create conditions for the companies not to feel willing to cut the relations in pursuit of their own profits and efficiency, as Vista Alegre did and later regret since it is an enormous financial investment that can hardly be compensated with the day by day operations (Dr. Mesquita de Sousa). If the conditions are created like in the case of Costa Verde, and the respect for the partners prevails, a lot can be created jointly, starting by the great knowledge the distributors have from the market, being able to anticipate the trends, whether it is a triangular dish or a squared dish. Plus their possession of the transportation facilities which allows to cover a bigger area, which saves a lot resources to the company. Other point is that the distributors usually sell more variety of materials, which in the case of Costa Verde could be a big problem and good businesses could be lost because of this. For example, if a big hotel chain asked to Costa Verde for the tableware for 300 people, the company wouldn't have the capacity to serve them since besides they don't have the transportation channel, they don't produce inox materials like the forks or knifes. In that case, what the company would do in order not to lose the deal is to ask to one of their distributors and partners to make the deal jointly with them, selling what Costa Verde was missing and transporting the whole materials.

Analysis

The history chapter previously, describes a case of a strategic alliance between competitors, referred to as coopetition, which in this case it is presented with the typology of a joint venture.

From the advantages of a strategic alliance already studied and analyzed by scholars, it is possible to conclude that Costa Verde benefited from a lot of them. They were able to create synergies, since previous competitors started to help each other in many deals, the knowledge acquisition (Kogut, 1988; Nohria & Garcia-Pont, 1991) was shared and learned, they benefited from access to new resources and capabilities (Rothaermel & Boeker, 2008), the initial investment was divided, in the form of quotes which reduced the risk of the investment and it allowed each one to focus in his own step of the value chain and invest a lot of resources in their core competences, resulting for Costa Verde in the more innovative factory and products in the industry, which allowed the company to take advantage of the usual benefits of strategic alliances like the innovation (Hagedoorn, 1993; Powell, Koput, & Smith Doerr, 1996) and efficiency (Kogut, 1988; Ahuja, 2000). Furthermore, the company also benefited from market penetration (Contractor & Lorange, 1988) and speed of entry (Kotabe, Sahay, & Aulakh. 1996) since it had a long list of partners who were distributors from north to south of the country and already had the contacts and the confidence of the clients. Other important benefit that the company took from the coopetition scenario was the access to new and foreign markets (Kogut, 1988; Garcia-Canal, Duarte, Criado & Llaneza, 2002) through their distributors and smaller costs which allowed them to earlier, think about the next step, the internationalization. Despite of the collaboration scenario, the final goal is always to achieve the competitive superiority against their competitors, even if they are your partners at some point of the operations chain (Guidice, et al. 2003).

Why did Costa Verde case, become a success case, despite the small odds of a strategic alliance to work?

First, as already mentioned, the involving scenario had the conditions of the coopetition triggers pyramid (Robalo, 2014), as shown in figure 4.

Fig.4:. Coopetition triggers' pyramid

To base a business success in a coopetition relation is not easy at all, it is like walking in a glass floor, where it is needed a lot of care and respect. So it is also needed that all the conditions are matched to successfully begin and maintain the business. After interviewing two directors of Costa Verde and brainstorming with them, it was concluded that a set of four main points must be met, in order to create conditions for the project to succeed.

First, and at the base of the pyramid, there must be a common threat in the industry. A common "enemy" it is always the best motivator to cooperate, even with a direct competitor, since it is a characteristic of a strategic alliance (Hax et al, 1988 & Johnson et al, 1999). There are a lot of types of common threats like the economical threats or the common enemy. The simple formation of an alliance by some companies, can be seen as a threat for the other players in the market and may lead them to join efforts between themselves. (Guidice, R., Vasudevan, A. & Duysters, G. 2003) We have the example of the many Airline clusters formed as a response to the formation of Star Alliance, whereas in the case of Costa Verde, the common enemy was Vista Alegre, threatening the distributors by cutting their product supply, creating stores and their own distribution channels, which were direct competitors of the remaining distributors. "These examples demonstrate that an action does induce a reaction under certain competitive conditions". (Guidice,et al. 2003). As Walker stated in his work, the role of risk is of major importance, since it is the driver that incentives the parties involved too cooperate and that all the skills and resources are available to the group (2010). Then it is crucial to identify the opportunity and to seize it. Probably, many possible success alliances didn't even show themselves because no one identified the opportunity, a lot of vision is needed, strategic capacity and entrepreneurial mind, to manage to look at a threat and be able to turn it into an opportunity.

The third point, after the competitors having a common enemy and the opportunity to join is identified, is, of course the willingness to join which varies from a lot of factors, already studied by scholars, nevertheless the people behind companies are human and that means, that even with all the conditions matched, it is impossible to guarantee that they will be willing to integrate an alliance, much more if it is with their own competitors. Despite that possibility, as Bengtsson and Kock stated, the premises under the functionality of coopetition are based on the natural human actions, the self-interest and the social condition of the human being, that may lead to the competition and the cooperation respectively, which by joining the similar structural conditions and the similar interests may foment the coopetition (2000).

The conditions that also affected the willingness for the suppliers to cooperate were, the fact that the cooperation would be present in the input stages of the process, in this case, the production and the competition was going to present in the output stages, where the distributors were still going to compete with each other. This condition is very important for the coopetition relation to succeed, since it is impossible to compete and cooperate in the same activity (Bengtsson & Kock, 2000).

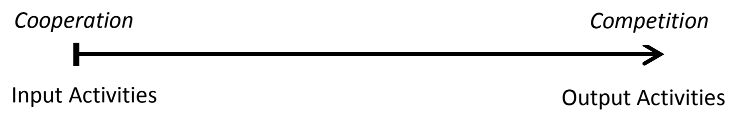


Fig. 5: Coopetition management by the degree of closeness with the customer

Other important factors are the mutual objectives, complementary needs, shared risk and trust. In this case, the players had mutual objectives, which were to make profits and to maintain their company. For that, they needed a big supplier, which not only is a complementary need, as it is the exact same need and the only way to satisfy that need, was to share the risk and trust.

This conditions added to the their commonality and similarity as competitors and to the moderated concentration of the market, in this case, the existence of a significant number of distributors in the industry, are important market and industry characteristics that affect the firm alliance agreements, plus the collaborative know-how and the fact majority of the firms are SMEs, are important organizational level variables, points in favor of the success of this coopetition scenario. (Guidice, R.M., et al. 2003)

Regarding the formal key drivers for alliance formation and success, like the alliance governance and design, there are three types of relation, the equity sharing or ownership, contractual provisions and relational governance (Kale & Singh, 2009). These types of alliance formation's design are not mutually exclusive, instead they are complementary (Reuer & Arino, 2007). Costa Verde Alliance formation joins two of these relation's structures, which are the equity ownership and the relational governance, since mechanisms complement each other and equity by itself is not sufficient to enable the relation to work (Kale & Singh, 2009). Concerning the equity ownership, the group of distributors, each one owns a stake of an external company/venture which is Costa Verde. This condition of shared stakes in the same company, aligned the goals of each competitor towards the common goal of the owned firm success (Hennart, 1988), since they are not only committed to the alliance stake *per se*, but also to their own investment (Kale & Singh, 2009). It also facilitates the hierarchical supervision and control (Kogut, 1988), since there are partners that own more stakes than the others and besides they all voted for a superior entity to control and manage the alliance, and by that, it means the company. Finally, the fact that, as mentioned, each one has their specific amount of stakes, it means they are going to proportionally receive the returns of the firm, which makes it fair for the ones who invested more resources in the company to receive more. All these facts are motivators for the partners to cooperate with each other and that is why the studies show evidences of the effectiveness of equity ownership models in partnerships (David & Han, 2004), but despite its proven success, this model of alliance can't work perfectly just by itself and that is why Costa Verde also follows the relational governance structure (Granovetter, 1985; Gulati, 1995; Uzzi, 1997) where the fact that the partners/competitors trust each other and the directors nominated to the Costa Verde boards allows them to lower the costs and easily adaptation to unpredictable situations. Of course the main point of this type of relation is the sharing of know-how, resources, responses and help that aren't necessarily written in some contract.

The last and crucial point is the leadership. With all this factors, it was to expect that the relation success was almost guaranteed, but through the interview and by looking at the Costa Verde case it became clear that a strong and unbiased leadership is a decisive factor for this coopetitive relation to work. The fact that the manager of all this scenario was a man without the same interests of the distributors and partners in the formation of the company and was dependent of the success, not of the distributors individually but of the relation between them to work, ended up being a very powerful motivator for a good leadership. He was then followed by directors like Dr. Carlos Teixeira and Dr. Silvano.who shared the same unbiased position. This fact allows us to close the top of the pyramid and conclude that a strong and unbiased leadership is crucial for the coopetition scenario to work, this because, even if they have the motivation to cooperate (third step of the pyramid), they also have the competition motivation in steps closer to the customer, which would made impossible for the players involved to remain unbiased. So, it is essential for the companies involved, to have a strong leader or manager, or even an entity responsible for the management of the output of the relation.

Conclusions

By analyzing this success coopetition case it is understandable some conditions and benefits from a coopetitive scenario in the traditional industry. The first thing the case shows, is the needed triggers for the coopetition relation to work, where the existence of a common threat to the players in the industry, is presented as the first trigger for the competitors, to be willing to cooperate with each other. Then, it is crucial to identify the opportunity that this threat may represent, the opportunity to ignite the possibility of cooperation, between direct competitors within the industry, being this, the second trigger. The third, is the willingness to cooperate by the competitors, which may have more probability of success if they compete in an input activity, far from the consumer, and to cooperate in the output activities, which are closer to the consumer. Mutual objectives, complementary needs, shared risk, trust, commonality and similarity as competitors, moderated concentration of the market, collaborative know-how, the fact majority of the firms are SMEs are also factors that contribute for the likeability of the

companies to cooperate. The ownership of equity by the competitors, allied to a relational governance, are two governance design factors that also enhance the willingness for the competitors to cooperate and for the relation to succeed.
Nevertheless, looking back to the case it is clear that all these factors couldn't have worked if there was no strong and unbiased leadership. These four points are the pillars for the success of a coopetition relation, as the case shows us. They are the most important points for the entities involved to benefit from synergies, knowledge acquisition, new resources and capabilities, less riskier investment, innovation, efficiency, market penetration and speed of entry, access to new and foreign markets, which represent the main benefits Costa Verde and its owners, had taken from this alliance.

"A strategic refusal"- Advantages and Disadvantages to the distributors

In a time of some volatility in the industry in question, where some companies were making merges and acquisitions and others were just being founded, the wholesalers of porcelain and glass, were the ones capable of serving the big market of tourism with everything they needed from each producer. Nevertheless, they were very dependent of one company, Vista Alegre. This company envisioned to cut, this step of the supply chain, as an opportunity to increase their margins. All it would take was to start selling on their own, directly to the final client, the *HORECA* channel.
Since those times, until the present, Robalo S.A. was the biggest of these wholesalers. The group was founded in 1965 under the name of António Robalo Lda. Then it acquired the company Pollux S.A, in 1988, which was their own client before and created the Robalo S.A in 1998. Nowadays António Robalo S.A is the company responsible for the real estate management, Pollux for the retail business of house utilities and decoration, selling things such as crystal, textile, glass and cutlery and finally, Robalo S.A is the responsible for the professional market and *HORECA*.
As the bigger and most profitable company in the market, operating as a wholesaler, it was the first target, to be convinced, by the founder of Costa Verde, to join the group that would finance and manage the creation of this industrial player. António Robalo's group had the conditions and characteristics to be a good partner, such as, the know-how and strength in a uncertain market at the time, the credibility of being a loyal and determined partner, it is a medium size company with enough power, influence and resources to make a difference but yet, not big enough to function under the complexity

and bureaucracy of the big companies. They are also complementary, since, as Dyer and Singh defined, they could provide resources and capabilities such as the stockage capability, the distribution facilities and market know-how, to the value-chain of Costa Verde, which could increase the chance of success of this partnership as well as the compatibility on the working styles.

Despite all the conditions, which were favorable, and the persistence of the head of Costa Verde, the chairman of Robalo S.A. strategically decided to decline the offer to join this project. António Robalo, Chairman of Robalo S.A. though the best strategy for his company was to continue working by itself. A decision that was measured cautiously and after weighting the pros and cons, ended up with a refusal.

What was running through Robalo's chairman head was a strategic thinking, since he knew his company was the biggest distributor and at the time they were already important to a lot of factories, since they were the main distributors of Spal and Vista Alegre, that despite everything was dependent on their distribution capacity. Looking at the impact that this investment could have, he envisioned that entering in the industrial sector could give a bad idea and cause some mistrust on the other suppliers and the reality is that Robalo S.A. already had enough capacity to serve much more market than Costa Verde by itself could supply to them, which meant that exclusivity was out of question. Nevertheless, he could see the benefits that could result from a joint alliance between entities with such a vast knowledge of the market and that, despite they were competitors they would also be working to a bigger and common goal, and that, to the eyes of all the CEO's of every one of those competitors was the quality insurance they needed. So in order to not compromise his main strategy of no exclusivity, he decided to put his family as shareholders so they could give strategic contributions and insights.

Has Dr. António Robalo was predicting already, they ended up being the main client of Costa Verde and there weren't any conflicts because of the fact he had family members as shareholders. So, they were able to maintain the good relations with the remaining suppliers.

Regarding the smaller distributors that entered as founders, they really benefited from that. First of all the members were always treated as equals and there was no special benefits for a member just because he was bigger or more powerful, which helped the relations between them and created a possibility for the smaller investors to grow. For them it was a small investment for the benefits they would gain and it was only a relatively small investment because they shared that amount and the risk inherent. It was a solid business model with a very strong base and a big client list from the beginning, which for them could only be profitable. Adding the fact that the competitors distributing this newly product in the market (porcelain), were their own colleague shareholders and founders, it made it all easier.

Other Perspective

The possibility to look from the distributors' perspective allowed identifying a more prudent strategy and evaluation of this alliance. In this case, it was possible to understand the decision of one player, the bigger one, of not to enter the alliance, at least directly and the easier decision of the smaller players to enter and the advantages that derived from that decision.

In the case of Robalo S.A., since they were the biggest player, they had more than money in stake. If they entered the alliance, their integrity, by threatening to compete with their own suppliers, could be compromised. This consequence, overcame any benefit that could be gotten from the acceptance of the proposal and that led to the refusal of this investment. On the other side, there were the smaller players. Some of them couldn't integrate a project like Costa Verde, if the investment wasn't shared and with that, they shared the risk too, which made the decision even easier. Besides that, they can always count with supply, they have conditions they wouldn't get with any other supplier and their competitors are their own partners.

Although this case is a particular case, it is possible to take some conclusions about some advantages and disadvantages of collaboration scenarios. The advantages seen are the typical advantages derived from the integration in strategic alliance like the shared risk and investment, the sharing of know-how, capabilities and resources as well as the help between partners that usually doesn't happen in the business world. But this case brings a pair of disadvantages that ended up in the decision, by a company, to decline a proposal that they knew it was good. Those disadvantages are related with the inflexibility, autonomy and sometimes the integrity, since the entrance in an alliance takes away some decision power of the companies and in this case it could compromise key relations with important players in the market.

hi.global Case – A failed strategic alliance between "ego-competitors"

This case is an example of the difficulty there is to a cooperation cluster to succeed and the factors that must be aligned so it can work properly. It is a case of 8 complementary players, with much big power and willingness to join a strategic alliance between them. They also had a clear strategy, a common goal, and lots of resources to share and invest together, that simply didn't work.

The hi.global case is an unfortunate failure case of an industrial cluster that could have been a great developer of the Portuguese economy and a major driver in terms of innovation and internationalization. But, as it is possible to learn a lot from success cases, like Costa Verde, it is also important to study the failed cases, since it is possible to learn a lot from them and to understand what variables took part in the incapability of the cluster to succeed.

hi.global is a group of 8 companies which joined efforts to cooperate and to create an industrial cluster in the Hospitality industry. Amorim Revestimentos, Cifial, Costa Verde, Lasa, Lusotufo, Molaflex, Recer and Viriato, founded this cluster on January 2010, with the main goal to offer to the worldwide hotel and restaurant industry, integrated solutions of products and services, in competitive conditions, with the incorporation of the Portuguese industry as Dr. Rocha, the CEO of hi.global stated. This group of 8 companies, with aggregated revenues of more than 800 million, was supposed to work together and create synergies at the level of know-how, as well as the international client network and together, to answer the necessities of the hotel industry globally, with sophisticated and customized services and products. Their strategy was to make the life to the hotels easier when getting their supplies, since instead of negotiating with one company for the tableware, with other for the bed room materials and other for the furniture, they could just talk with one company/cluster that could supply them all that, with less complexity in the negotiations and probably a lower cost. As a Portuguese representative group they should also promote the entrepreneurial, competitive and competent image of the country and help to create employment and contributing to the current transactions of the country, which gave them the support of the government.

Aligning this strategy with the study, it is easy to see that they had the current threat of the crisis which harmed almost all the companies and they saw the internationalization/exportation as a way to survive to this crisis. Then it was clear the opportunity and all of them saw it. With the crisis slowing down and some industries appearing as a driver to the recuperation, like the tourism industry, which was giving signs that it would be a leader area in the dynamic of the global economy and demand (José Vieira da Silva, 2010), it was a crucial time to invest, to grow, to search for new markets and as the former prime minister José Socrates said, "the hospitality sector was asking for it (2010). Despite the power of the companies in question it was a risk too big to incur alone. That was why they searched for a lower-cost strategy, which collaboration strategies represent, so they could split the risk, boost the access to new markets, technologies and capabilities, and succeed together in the foreign markets.

The base conditions were already there, they only needed to successfully cooperate and a strong and unbiased leadership. Dislike Costa Verde, hi.global didn't met these conditions fully, starting by the cooperation part. Even the players not being direct competitors, it failed completely, due to one simple and yet crucial factor, the human being condition. In this case we are talking about 8 of the biggest companies in Portugal and as it is expected, their CEO's and Administrators may be a bit more inflexible towards their goals and desires, which led to the existence of a lot of divergent opinions and a general mistrust in the moderator entities. Basically there was not enough willingness or flexibility to cooperate and adding to that, the general caution with the leader. The result couldn't be other, than the failure of this potential cluster.

By analyzing some features that have impact on the disposition to cooperate, there are some clues why it didn't work. For example, the mutuality between partners, since each one of them wanted to have a bit more power than the others, at least the sufficient to make the decisions like the markets to go to. Another feature is, the collaborative know-how (Guidice, R.M. et al. 2003) since the companies, because they have a long line of "ego competition" by being the most successful in their sectors, were not ready to share their competences and resources.

hi.global failure is not a single case, unfortunately for the companies that think of allying to other company, alliances, present low success rates in general (Kale & Singh, 2009). As all studies show and by studying the Costa Verde case, there are a lot of factors that influence the disposition of the companies and their CEO's to cooperate, as well as other external factors and leadership factors.

The conclusion we can take from this case are, the needed conditions weren't met and with the conditions present at the time it wasn't possible to succeed working as a cluster. It also shows how difficult is to create a successful alliance, even when the players are not direct competitors in the market, as in this specific case they were, as opposite, complementary entities, since all of them produce different products which end up, being determinant to the same clients, and that was supposed to be the best motivator for them to cooperate. Despite they were not directly competitors in the market, they ended up, being competitors on their egos and individual ambitions. This case shows that, if the formation of a regular strategic alliance, between companies that are complementary, is very difficult and must have the right conditions to succeed, the formation of a competitive strategic alliance is even more difficult and that the external and internal conditions as well as the players characteristics, must be favorable to this coopetition scenario, in order for it to go well.

Teaching Notes

This case study was written to address the coopetition relation between companies and the conditions, internal or external, for the relation to work. So, the coverage of traditional strategic alliance relations, the nature and definition of the coopetition relation, the conditions and factors to work, plus the advantages and disadvantages of this type of relation, should be discussed in class.

The objective is to learn the following topics.

1 – The advantages and growth possibilities an alliance strategy can provide to the involved companies.
2 – The extra benefits of allying with your own competitors.
3 – The difficulties to create the conditions for the coopetition relation to work and what are those conditions.

Methods and Teaching Questions:

In order for students to understand how human conditions, which means, the difficult the Man has to collaborate with their own competitor, even if that represents better results for both difficult cooperation between competitors, a practical exercise should be conducted in the class, even before the topic was revealed. An exercise, like a competition of questions, between groups of students, where the ones to answer the, for example, 5 questions right wins, but they are all given one of the answers from scratch as an advantage, being that each group as a different answer. The main goal of this exercise is for the students to see that if they put aside the competition and collaborate, by sharing the answers they could all, get the best outcome, which was 5 right questions. This way they will get an understanding of how difficult it is to be able to cooperate with your own competitor.

After that, in order to follow the case study and to be able to achieve the learning objectives, a set of questions can be asked:

1. What are the advantages of joining a coopetition relation?
2. What were the conditions that allowed Costa Verde to be Successful?

3. Why didn't that conditions worked with hi.global case?
4. Would you do anything different as the CEO of these companies, if you faced their situations of coopetition possibility?
    a. Costa Verde
    b. Robalo S.A.
    c. hi.global

These questions are not intended to be answered strictly with the case material. They are supposed to create debate in order to get to new suggestions of factors, characteristics or even behavior, to a topic that is still developing. The final question has the main goal to be answered freely, so the teacher can be surprised with the answers the students may have and this way, to view the entrepreneurial view, inserted in a pure strategy theory.

Guidelines for the questions:

The first 3 questions can be answered with the case of Costa Verde. It is possible to conclude that the advantages of entering in a coopetition strategy (Q1) are:

- Creation of synergies;
- Knowledge acquisition;
- Access to new resources and capabilities;
- Division of the investment and risk;
- Possibility to focus only in their core competence (production)
- More innovative and efficient
- Market penetration;
- Speed of entry

Despite the advantages written in the case only being these, the students are encouraged to take more advantages from the understanding of the case.

The conditions that allowed for Costa Verde to be successful (Q2), despite the odds, are also described in the analysis chapter. The main conditions are described in the pyramid of coopetition's triggers:

- Common Threat – Which in the case, was the vertical integration of Vista Alegre that was going to take the distributors' supplies.

- Opportunity Identification – The opportunity to see this threat as an opportunity was identified and seized and Costa Verde was founded with the investment of the affected distributors.
- Cooperation Willingness – varies according some characteristics of the players and the market, such as, the collaboration on the input activities and the competition on the output activities, the mutual objectives, complementary needs, shared risk and trust, commonality and similarity, market with moderate concentration and the size of the companies;
- Leadership – a strong and unbiased leadership is crucial for all the other stages of the pyramid to work properly, it is needed someone to look at the goals of the alliance as a whole, rather than to the sum of the goals of each partner.
-

The hi.global case failure, comes to reinforce the need and the importance of a strong and unbiased leader (Q3), which was the main reason for the partnership to fail. The lack of motivation to cooperate and the non-existence of a leader to manage and motivate that willingness, were the ingredients for this partnership to fail.

The last question shouldn't have any guideline, in order for the students to feel free to say what they think. There are some theories from lecturers, but still, the opposite opinions or even new theories are the way to reinforce the knowledge about this topic that started as a word, developed by Raymond Noorda, that said what he thought with no previous theories to support him.

Conclusions

This study's main objective is to analyze the viability of a strategic alliance with a direct competitor. In order to reach a possible conclusion to that main research questions, the topics of the nature of a strategic alliance and its benefits and the possible choice of a full integration relation were studied.

Strategic alliances are each time more common in our days. This study allows concluding that it is beneficial to enter in a strategic alliance, since it is a low cost strategy that opens a lot of doors and breaks a lot of barriers giving more benefits, than costs, to the firms.

This dissertation also debates the types of relations that should and shouldn't be considered as strategic alliance, due to their characteristics, and concludes that mergers and acquisitions shouldn't be integrated in the definition of strategic alliance, as opposite of some studies.

The final theoretical point which is the coopetition theory chapter, covers the types of relations that are possible to exist between the players in the market, which are, coexistence, competition, cooperation and coopetition. Then it describes the coopetition relation which together with the case studies allows us to answer to the research question and the sub questions.

This way, through the analysis of the theoretical thinking, related to the topic and the analysis of the three case studies the study allows us to draw some conclusions regarding the coopetition theme.

1- It is concluded that it is very beneficial for companies in general to collaborate, in order to share risks, access to new resources, markets and capabilities. More than to simply collaborate, it is beneficial to ally with the direct competitors, since they already share the same threats, opportunities and they already know the market and the competitors' advantages and disadvantages very well. So by collaborating with the competitor, a firm as even more benefits that to simply cooperate with a complementary player.

2- Coopetition is a good strategy, but it is not easy to manage, since a lot of factors are needed to be present, in order for the company to more likely succeed. Factors like compatibility, similarity, size of the market and company, are some examples of these factors, external and internal. As it is concluded by the case of Costa Verde and hi.global, this factors are necessary, but not sufficient. For this type of relation to work, the triggers of cooperation with competitors must also be present. This triggers were discovered jointly with the top managers of the company Costa Verde and they were summarized in the case under the form of a pyramid, which shows, in order, the need of a common threat, the opportunity identification, the willingness to cooperate and the leadership.

The research question of whether the competitors are able, or not, to collaborate and compete at the same type, after the analysis of the cases and the theoretical thinking, can be answered with a yes. However, it is needed to carefully analyze the structure and strategies of the company, first of all, since the alliance integration decision can be worse than other growth strategy at a given time or for some specific companies. Even after concluding that it is the best strategy for the company, it is important to analyze the market conditions and the willingness the partners are to coopete.

Limitations

The main limitation of this study is the absence of quantitative measures to prove some of the points described in the cases. Other limitation is the small amount of cases that were approached, since more cases could create patterns and it would give substantiality to the study.

Future research

It would be of great value added to study the financial impact that the entrance in a coopetition relation would have on the firms. Also, to study the applicability of the theories covered in the cases, to other industries and other cases, in order to either corroborate or understand the limitations of the coopetition triggers' pyramid.

On a more personal desire, other interesting study that could be make following this premises of the coopetition relation, was the applicability to the Portuguese tourism industry, since it has a lot of potential (appendix 4), and helped the country to surprise within the Eurozone since it contributed with 1.6 percent, of the year-on-year growth, in the final quarter of 2013 (Wise, P)

Some big Portuguese hotels are already making the first step with the *Feel Portugal* partnership, which the main goal is to join efforts in the foreign countries and sell not their names, but the country, since this way they will be able to increase the size of the *pie* and then compete for the bigger slice.

"coopetition incorporates the logic that firms collaborate in order to increase the size of the business pie, and then compete to divide it up" (Bradenburger & Nalebuff, 1996)

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Appendixes:

Appendix 1:.Costa Verde's logo

Appendix 2:. Institutional Manual

Appendix3 – hi.global's logo

MENSAL - junho					INDICADORES	ACUMULADO - junho				
Valor 2014	Var. 14/13 %	Var. 14/13 Abs.	Quota 2014	Var. 14/13 p.p.		Valor 2014	Var. 14/13 %	Var. 14/13 Abs.	Quota 2014	Var. 14/13 p.p.
1.591,2	**7,2**	**106,5**	**100,0**		**Hóspedes (milhares)**	**7.119,8**	**12,1**	**768,5**	**100,0**	
625,7	1,7	10,6	39,3	-2,1	hóspedes de Portugal	2.975,0	10,0	270,0	41,8	-0,8
965,5	11,0	95,9	60,7	2,1	hóspedes do estrangeiro	4.144,8	13,7	498,5	58,2	0,8
4.722,1	**8,6**	**372,2**	**100,0**		**Dormidas (milhares)**	**19.477,2**	**11,4**	**1.995,1**	**100,0**	
1.361,9	6,7	85,9	28,8	-0,5	dormidas de Portugal	5.440,4	11,9	579,5	27,9	0,1
3.360,3	9,3	286,3	71,2	0,5	dormidas do estrangeiro	14.036,7	11,2	1.415,6	72,1	-0,1
222,5	**8,1**	**16,6**	**100,0**		**Proveitos Globais (milhões €)**	**894,4**	**12,1**	**96,5**	**100,0**	
157,2	8,2	11,9	70,6	0,1	proveitos de aposento	615,9	12,8	69,8	68,9	0,4
65,3	7,8	4,7	29,4	-0,1	outros proveitos	278,4	10,6	26,7	31,1	-0,4
					Taxas de Ocupação (%)					
54,8		1,0			taxa de ocupação cama	39,3		1,6		
66,9		2,7			taxa de ocupação quarto	51,1		2,8		
38,5	**3,5**	**1,3**			**RevPar (€)**	**26,9**	**8,8**	**2,2**		
36.899	**3,4**	**1.229**	**100,0**		**Movimentos nos Portos Marítimos**	**507.168**	**-7,4**	**-40.541**	**100,0**	
33.710	0,9	300	91,4	-2,3	passageiros em trânsito	491.271	-6,4	-33.680	96,9	1,0
1.569	50,7	528	4,3	1,3	passageiros embarcados	8.140	-27,7	-3.115	1,6	-0,4
1.620	32,9	401	4,4	1,0	passageiros desembarcados	7.757	-32,6	-3.746	1,5	-0,6
560,2	**15,0**	**72,9**			**Saldo da Balança Turística (milhões €)**	**2.456,3**	**13,6**	**294,7**		
834,9	11,2	84,4			receitas do turismo	4.086,0	10,4	385,1		
274,7	4,4	11,6			despesas do turismo	1.629,8	5,9	90,4		

Appendix 4:. Tourism in Portugal evolution data